

ASSEMBLY BILL

No. 594

Introduced by Assembly Member Karnette

February 17, 2005

An act to amend Section 1812.644 of the Civil Code, relating to personal property.

LEGISLATIVE COUNSEL'S DIGEST

AB 594, as introduced, Karnette. Personal property: rental-purchase agreements.

(1) Existing law defines and regulates the terms of personal property rental-purchase agreements. Existing law requires that the lessor in a rental-purchase agreement maintain records that establish that the price disclosed as the cash price of the rental property is the same as the cash price required by law. Existing law specifies certain items that may be evidence of the cash price of new rental property for these purposes. Existing law provides that any willful violation of these provisions is a misdemeanor.

This bill would delete the manufacturer's suggested retail price of a home appliance, as defined, or a home electronic product, as defined, as an item that may be evidence of the cash price of new rental property. The bill would also delete the prohibition on using a manufacturer's suggested retail price as evidence of the cash price for any other type of rental property. By changing the definition of a crime, this bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1812.644 of the Civil Code is amended
2 to read:

3 1812.644. (a) A lessor shall maintain records that establish
4 that the price disclosed as the cash price in a rental-purchase
5 agreement is the cash price as defined in subdivision (e) of
6 Section 1812.622. A copy of each rental-purchase agreement and
7 of the records required by this subdivision shall be maintained
8 for two years following the termination of the agreement.

9 (b) Evidence of the cash price of new rental property may
10 include the following:

11 (1) Published prices or advertisements by retailers of similar
12 products selling in the same trade area in which the lessor's
13 business is located, if the prices were published or disseminated
14 within the 90-day period preceding the date of the
15 rental-purchase agreement.

16 (2) An amount equal to twice the documented actual cost,
17 including freight charges, of the rental property to the lessor from
18 a wholesaler, distributor, or manufacturer.

19 ~~(3) The manufacturer's suggested retail price for a home~~
20 ~~appliance, as defined in subdivision (r) of Section 1791, or a~~
21 ~~home electronic product, as defined in subdivision (s) of Section~~
22 ~~1791. Manufacturer's suggested retail price may not be utilized~~
23 ~~as evidence of the cash price of any other type of rental property.~~

24 (c) Upon the written request of the Attorney General, any
25 district attorney or city attorney, or the Director of the
26 Department of Consumer Affairs, a lessor shall provide copies of
27 the records described in this section.

28 (d) If a lessor willfully discloses a cash price in a
29 rental-purchase agreement that exceeds the cash price of the
30 property as defined in subdivision (e) of Section 1812.622, the
31 rental purchase agreement is void, the consumer shall retain the
32 property without any obligation, and the lessor shall refund to the
33 consumer all amounts paid.

1 SEC. 2. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution because
3 the only costs that may be incurred by a local agency or school
4 district will be incurred because this act creates a new crime or
5 infraction, eliminates a crime or infraction, or changes the
6 penalty for a crime or infraction, within the meaning of Section
7 17556 of the Government Code, or changes the definition of a
8 crime within the meaning of Section 6 of Article XIII B of the
9 California Constitution.

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